

budgeting functions for the state's adult basic education (ABE) centers. The CHE, rather than the State Board of Education, is authorized to create the ABE fund distribution formula and distribute funds. The formula and associated proposed changes are to be reviewed with ABE administrative sites. Instructional materials are to be provided free to students through the instructional material bureau of the SDE. The State Board of Education is no longer authorized to direct ABE programs in schools and would not develop rules and regulations regarding all ABE programs. Finally, the bill transfers all personnel, appropriations, money, records, property, equipment, supplies, contracts and agreements along with the centers for adult basic education to the CHE.

The bill carries an emergency clause.

Significant Issues

SDE notes the State Board of Education, the State Department of Education and schools under the jurisdiction of the State Board of Education will not be eligible for funding, specifically public schools, state institutions, K-12, Bureau of Indian Affairs and nonprofit entities.

State Department of Education Position

SDE notes "due to administrative problems experienced by SDE in the past, over the last three years, it has developed systems and processes to address the problems of its internal administration... and the provision of services by 29 providers." New processes include the Reimbursement Program Claim Process and the New Mexico Literacy and Educational Service System.

The Reimbursement Program Claim Process is a tool to monitor expenditures. The system involves a 30-day timeframe for claims and payments, along with associated procedures, approval and program reconciliation by the SDE grant monitor, and processing of claims by the SDE fiscal monitor. Finally, payment procedures were developed for federal and state funds.

The New Mexico Literacy and Educational Service System is a tool to comply with a federal mandate to provide "transparent and accountable data." The system is used to gather accountability data on federal literacy levels and federal goals from each program. SDE tracks data provided by centers and provides a quality control function. SDE then merges data and creates a master database, which in part generates the state's annual report. Quarterly performance reports are available to both SDE and service centers. Further, service centers can also create individualized reports.

Further, SDE notes its Internal Audit Unit audited ABE records in Fall/Winter 2002, and subsequently an action plan was developed to ensure all findings are addressed. The SDE Office of Inspector General is conducting oversight.

In a February 2003 letter from SDE Superintendent Davis to CHE Acting Director Jenkins, an audit by SDE's Internal Audit Unit disclosed "substantial amounts of state and federal funds returned to the SDE, unused by the providers and their agencies for such needed services to our clients."

SDE notes the need for the development of a "transparent and accountable procurement policy that fosters greater collegiality among all advocates of adult learners and assists these learners in

attaining the goals they have set.”

Commission on Higher Education Position

In January 2003, the CHE adopted resolutions to recommend a transfer contingent upon adequate staffing and funding as well as a resolution to request a state agency to audit state and provider ABE records to reconcile federal and state fund balances by program site. This audit proposal would encompass FY00 to FY03.

CHE notes the Post-Secondary Educational Planning Act defines post-secondary education to include adult basic education and high school equivalency education. Further, current law requires CHE to approve the formula for distributing ABE funds to the Adult Basic Education Fund.

FISCAL IMPLICATIONS

No Fiscal Impact. The bill does not include an appropriation.

SDE currently receives General Fund appropriation flowthrough monies for the centers with no administrative resources. Fiscal and personnel resources for the ABE program are funded by five percent of federal Title II grants for Adult Education and Family Literacy. SDE notes its current practice of supplementing the program with other agency funds.

CHE expressed concerns the bill does not transfer the budget, administrative and support FTE, New Mexico Literacy and Educational Services System (NMLESS) database and technical support.

The LFC budget recommendation includes \$4,790.5 of recurring General Fund appropriation for FY04 for the ABE program within SDE. According to the LFC budget document, in the fall 2002, presidents and chief executive officers, and the New Mexico Association of Community Colleges presented the CHE with a list of concerns regarding the administration of the program at SDE. The stakeholders cited issues such as lack of leadership and poor program management, lack of communication between SDE and ABE program directors, errors in the allocation of state and federal funding, lack of staff development and no clear strategy to address unmet need. At its November 2002 meeting, the CHE voted to not pursue transferring administrative authority to CHE during the 2003 Legislature due to “excessive workload for existing staff” and possible restructuring of workforce training programs.

The LFC budget recommendation suggests the 2003 Legislature and the governor consider reorganization efforts that would move ABE under the oversight of the CHE or a workforce development agency. The LFC budget recommendation did not include a transfer of the program.

If the program transferred to CHE, the CHE policy development and institutional financial oversight program would need to be expanded. Further, the agency would need to develop and implement appropriate planning, accountability and management systems including performance measures. Development of these measures should take into consideration the federal performance measurement guidelines as well as legislative intent for the program and its outcomes.

ADMINISTRATIVE IMPLICATIONS

SDE notes the potential transfer of 1.0 FTE, education administrator for ABE and all records to CHE. CHE believes SDE utilizes 2.0 FTE for the program along with a portion of a career technical and Adult Services Division Director as well as contractual agreements for database development, data collection and performance analysis. LFC files indicate \$8.0 and 1.0 permanent FTE from the SDE operating budget dedicated to the ABE program which should be transferred to CHE if this legislation is adopted.

CHE expresses the view that the bill “does not address the administrative infrastructure necessary to administer the state ABE program.” Further, CHE expresses concern the emergency clause would result in significant increases in CHE workload prior to the next federal funding award cycle.

TECHNICAL ISSUES

SDE notes this bill would require an amendment to the currently approved State Plan as the “eligible agency” as defined in the Adult Education and Family Literacy Act. This amendment would be submitted by the authorized agency to the federal Department of Education.

CHE notes designation of CHE as the “eligible agency” would require a letter from the Governor prior to the next federal award cycle.

OTHER SUBSTANTIVE ISSUES

Background

The LFC budget document notes the benefits of education for both individuals and society as a whole and emphasizes ABE’s role in economic stability and development. SDE notes the importance and implications of literacy. Further, SDE notes an on-going Human Services Department/Maximus study of the movement from welfare to work of Temporary Assistance for Needy Families (TANF) recipients. The study notes higher levels of education resulting in less time on welfare and associated recidivism. The 2000 Census reflects 239,981 individuals of at least 25 years of age do not have a General Educational Development (GED) or high school diploma. Also, 162,619 adults reported speaking English less than “very well”. These two groups are eligible for ABE services; however, only 30,219 adults received these services in 2001-2002. In a February 2003 letter to CHE Acting Director Jenkins, SDE Superintendent Davis noted, “there are not the necessary resources to meet the needs of more than 230,000 eligible clients. The present program is serving approximately 13% or 30,219 of the eligible (full and part time).”

SDE notes its participation in New Mexico’s Literacy System continuum with partnerships with the Office of Cultural Affairs, Human Services Department, and Children, Youth and Families, Office of Child Development. In January 2002, the State Board of Education and CHE adopted an Accelerated Learning Framework to prioritize ABE. Further, five Workforce Investment Councils are involved in literacy and English as a Second Language services.

Attached is a brief history from New Mexico Coalition for Literacy.
AW/prr:sb:yr